GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:115
ANSWERED ON:10.03.2005
PRODUCTION OF CRUDE OIL
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the annual demand of crude oil in the country and how much of it is met indigenously;

(b) the quantum of crude oil produced in the country during each of the last three years;

(c) whether the Government proposes to formulate a long term plan to increase the production of crude oil in the country;

(d) if so, the efforts being made by the Government in this regard;

(e) whether the Government has proposed a long term crude oil supply contracts with the oil producing nations;

(f) if so, whether any preliminary discussions have been held with the oil producing nations in this regard; and

(g) if so, the details thereof?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (g): A statement is laid on the Table of the House.

STATEMENT IN RESPECT OF PART (a) TO (g) OF LOK SABHA STARRED QUESTION NO. 115 FOR 10.3.2005 REGARDING PRODUCTION OF CRUDE OIL

(a) & (b): The annual demand of crude oil during last three years is as under :

(in million metric tonnes)

Year	Demand
2001-02	100.4
2002-03	104.1
2003-04	107.8

The indigenous crude production (including condensate) during last three years is as under :

(in million metric tonnes)

Year	Production
2001-02	32.022
2002-03	33.077
2003-04	33.368

(c) & (d): Government have taken the following steps to meet the growing demand for hydrocarbons :

i. Improve the recovery factor from existing major fields by implementing Enhanced Oil Recovery

(EOR)/Improved Oil Recovery (IOR) schemes; in particular Oil and Natural Gas Corporation Limited (ONGC) has taken up 15 fields for this purpose at an estimated investment of Rs 10,000 crore, which would also help in accelerating oil production from these fields.

ii. Increase exploration efforts through the New Exploration Licensing Policy (NELP); under the four rounds of NELP, Production Sharing Contracts (PSCs) have been signed for 90 blocks. Bids for 20 exploration blocks have now been invited under NELP-V.

iii. Speed up exploration efforts by ONGC and OIL in the blocks allocated to them on nomination basis

iv. Explore in new areas, specially in the deep water and difficult frontier areas, as also explore in the deeper layers of already producing fields.

v. Develop newly discovered fields faster and to step up the use of new technologies for seismic surveys, work over, stimulation operations, drilling of wells etc. in producing areas.

vi. Acquire acreages abroad. ONGC-Videsh Ltd.(OVL), Indian Oil Corporation Ltd. (IOCL), Gas Authority(India) Ltd. (GAIL) and Oil India Ltd.(OIL) have participating interest in acreages abroad.

vii. Make efforts to import natural gas in the form of Liquefied Natural Gas (LNG) as well as through trans-national pipelines from gas rich regions such as the Middle-East including Iran, Central Asia and South East Asia.

viii. It has been decided to set up strategic crude oil storage of 5 Million Metric Tonnes (MMT) capacity as an emergency response mechanism against short term oil supply disruptions.

(e) to (g): The question of longer-term supply contracts was raised by India at the first Round Table of Asian Oil Ministers on regional cooperation in the oil & gas economy held in New Delhi on 6th January, 2005 which was attended by Ministers/representatives from Iran, Japan, Malaysia, Oman, Qatar, Saudi Arabia, UAE, Kuwait, China, Korea besides host India. The inaugural address of the Chairman and the Closing Statement by the Chairman setting out the draft conclusions of the conference are attached. Public sector oil companies factor in long-term contracts in their purchase arrangements, as appropriate, but it may be noted that long-term contracts only provide for assurance of supplies; prices are linked to periodic variations in international markets.